A BILL FOR AN ACT

CONCERNING AUTHORIZATION FOR A COUNTY TO LEND MONEY TO A GOVERNMENTAL ENTITY CREATED BY OR LOCATED WITHIN THE COUNTY FOR THE PURPOSE OF PROVIDING FUNDING FOR PUBLIC INFRASTRUCTURE PROJECTS WITHIN THE COUNTY.

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at http://leg.colorado.gov.)

The bill authorizes a county to lend money to a governmental entity that is created by or located within the county subject to the following requirements:

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment. Capital letters or bold & italic numbers indicate new material to be added to existing statute. Dashes through the words indicate deletions from existing statute.
The source of the loan must be legally available money that is not otherwise encumbered or obligated;

The loan must have a specified repayment term;

The loan recipient is required to pay the county interest on the loan at an initial rate that is equal to or greater than the rate of return earned on all county financial investments; and

The loan recipient shall use loan proceeds for the sole purpose of funding public infrastructure projects within the county.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. In Colorado Revised Statutes, 30-11-107, add (1)(ll) as follows:

30-11-107. Powers of the board. (1) The board of county commissioners of each county has power at any meeting:

(II) TO ENTER INTO LOAN AGREEMENTS WITH ANY GOVERNMENTAL ENTITY THAT IS CREATED BY OR LOCATED WITHIN THE COUNTY IN ACCORDANCE WITH SECTION 30-25-106.5.

SECTION 2. In Colorado Revised Statutes, add 30-25-106.5 as follows:

30-25-106.5. Infrastructure loans to governmental entities within a county - authorization - limitations. (1) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, THE BOARD OF COUNTY COMMISSIONERS OF A COUNTY, IN CONSULTATION WITH THE COUNTY TREASURER, IS AUTHORIZED TO MAKE LOANS TO ANY GOVERNMENTAL ENTITY THAT IS CREATED BY OR LOCATED WITHIN THE COUNTY AND THAT UNDERTAKES INFRASTRUCTURE PROJECTS WITHIN THE COUNTY. THE BOARD OF COUNTY COMMISSIONERS SHALL ANALYZE OR CAUSE TO BE ANALYZED ANY SUCH LOAN USING THE UNDERWRITING STANDARDS ADOPTED PURSUANT TO
SUBSECTION (3) OF THIS SECTION BEFORE MAKING THE LOAN, AND ANY
SUCH LOAN IS ALSO SUBJECT TO THE FOLLOWING REQUIREMENTS:

(a) The source of the loan must be legally available
money that is not otherwise encumbered or obligated, and the
amount loaned must not cause the total outstanding principal
balance of all loans made pursuant to this subsection (1) to
exceed eight percent of the amount of such money available at
the time the loan is made;

(b) The loan must have a specified repayment term, and the
loan recipient shall agree to pay the county interest on the
loan at an initial rate that is equal to or greater than the rate
of return earned on all county financial investments for the
twelve months preceding the date on which the loan is made;

(c) The loan recipient shall use loan proceeds for the sole
purpose of funding public infrastructure projects, including but
not limited to the construction, operation, maintenance, or
repair of transportation and recreational infrastructure; and

(d) The board of county commissioners shall make the
loan by entering into an intergovernmental agreement with the
loan recipient that establishes the terms and conditions of the
loan. Before entering into such an intergovernmental
agreement:

(I) The board of county commissioners shall approve the
public infrastructure project to be funded by the loan and the
terms and conditions of the loan at a meeting of the board held
in accordance with the open meeting requirements of part 4 of
article 6 of title 24; and
THE BOARD OF COUNTY COMMISSIONERS OR THE LOAN
RECIPIENT SHALL PURSUE PRIVATE SECTOR OPTIONS, INCLUDING BUT NOT
LIMITED TO FINANCIAL INSTITUTIONS DOING BUSINESS WITHIN THE
COUNTY, FOR FUNDING THE PUBLIC INFRASTRUCTURE PROJECT TO BE
FUNDED BY THE LOAN AND REPORT REGARDING THE OPTIONS PURSUED AT
THE BOARD MEETING HELD PURSUANT TO SUBSECTION (1)(d)(I) OF THIS
SECTION.

(2) BECAUSE IT IS REQUIRED TO BE REPAID, A LOAN MADE
PURSUANT TO SUBSECTION (1) OF THIS SECTION IS NOT AN EXPENDITURE
TO WHICH THE LIMITATIONS ON EXPENDITURES FROM THE COUNTY
GENERAL FUND SET FORTH IN SECTION 30-25-106 (1) APPLY.

(3) BEFORE MAKING LOANS AS AUTHORIZED BY SUBSECTION (1) OF
THIS SECTION, THE BOARD OF COUNTY COMMISSIONERS SHALL ADOPT
UNDERWRITING STANDARDS. THE UNDERWRITING STANDARDS MUST
REQUIRE, AT A MINIMUM, THAT EACH PROPOSED LOAN BE ANALYZED WITH
RESPECT TO THE RISKS OF THE LOAN, MARKET RATES, AND LOAN TERMS.

SECTION 3. Act subject to petition - effective date. This act
takes effect at 12:01 a.m. on the day following the expiration of the
ninety-day period after final adjournment of the general assembly (August
5, 2020, if adjournment sine die is on May 6, 2020); except that, if a
referendum petition is filed pursuant to section 1 (3) of article V of the
state constitution against this act or an item, section, or part of this act
within such period, then the act, item, section, or part will not take effect
unless approved by the people at the general election to be held in
November 2020 and, in such case, will take effect on the date of the
official declaration of the vote thereon by the governor.